



December 10, 2014

Item No. 2

**AUTHORIZATION TO EXTEND THE EXISTING PROPERTY MANAGEMENT
CONTRACTS AT CHA DEVELOPMENTS**

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer ("CEO") or his designee to extend the existing professional service agreement with Eastlake Management Group, Inc., The Habitat Management Company, Hispanic Housing Development Corporation, H. J. Russell & Company, and Woodlawn Community Development Corporation for property management services at CHA, from February 1, 2015 to June 30, 2015 for CHA Senior properties, and from February 1, 2015 to July 31, 2015 for Family, Scattered Sites and Mixed Income properties, for an amount not to exceed \$4,305,324 in property management fees, subject to HUD Approval.

The Deputy Chief Housing Officer of Asset Management, the Chief Housing Officer, the Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE GOAL

PLAN FORWARD GOAL 2:

Ensure that CHA's housing portfolio is safe, decent and sustainable, as well as improve operational effectiveness, cost efficiency and align the property manager's fee structure with direct performance outcomes of the property.

FUNDING

CHA General Fund

Vendors

The Habitat Company
350 W. Hubbard Street
Chicago, IL 60610

H.J. Russell & Company
504 Fair Street
Atlanta, Georgia 30313

Woodlawn Community Development Corporation
6040 S. Harper Avenue
Chicago, IL 60637

Hispanic Housing Development Corporation
365 N. Wells St. 8th Floor
Chicago, IL 60654

Eastlake Management Group, Inc.
2850 S. Michigan
Chicago, IL 60616

Contract Type: Professional Services

Contract Extension Amount: \$4,305,324

Contract Extension Period:

February 1, 2015 – June 30, 2015 for Senior Properties

February 1, 2015 – July 31, 2015 for Family, Scattered Sites and Mixed Income Properties

GENERAL BACKGROUND

The original Property Management contracts were awarded to five private management firms after a competitive RFP process in 2009: Eastlake Management Company, The Habitat Management Company, Hispanic Housing Development Corporation, H. J. Russell & Company, and Woodlawn Community Development Corporation. The contract was for a base period of two years with three 1-year option periods. The third and final option year expired on September 30, 2014 for north side senior and scattered sites west properties, October 31, 2014 for family, the remaining senior and scattered sites properties and December 31, 2014 for the Mixed Income Acquisition properties.

On May 27, 2014, RFP 14-01343 was released to solicit proposals from qualified property management firms experienced in the management and operation of low-income, subsidized, affordable, and/or public housing properties to provide property management services for CHA property.

In order to allow additional time for marketing of the RFP and completion of the written proposals, CHA extended the due date for proposals of the RFP from July 3, 2014 to September 3, 2014. As a consequence, the current contracts were extended to January 31, 2015.

CHA's public housing properties are funded through an operating fund formula. The CHA's current operating fund formula is governed by the MTW Agreement, which differs from the standard operating fund formula. In September 2014, HUD informed the CHA that the current MTW operating fund formula will be transitioned to the standard operating fund formula in the future. This change will have a significant impact on CHA operating funds. This information was unknown to CHA or the respondents of the Property Management RFP at the time of proposal submission. Because of this, more time is needed to allow respondents an opportunity to demonstrate how they will ensure that CHA's housing portfolio is safe, decent and sustainable in an environment of reduced funding.

The CHA will be seeking HUD approval for this contract extensions since the total term of these contracts will extend beyond five years.

The following fees are recommended so that the current firms can continue to manage the CHA Asset Management portfolio until new firms have been chosen:

Property Management Fee for Extension Period

Contract #	Property Group	Firm	Monthly Fee per Occupied Unit	Units	# months Contract Extension	Total Max Management Fee for Extension Period
9090	Senior	Eastlake	\$39	1,814	5	\$353,730
9093	Family	Eastlake	\$39	3,611	6	\$844,974
11113	Mixed Income	Eastlake	\$46	141	6	\$38,916
9074	Senior	Habitat	\$45	3,025	5	\$680,625
9089	Senior	Habitat	\$45	879	5	\$197,775
9092	Family	Habitat	\$45	1,430	6	\$386,100
9095	Scattered Sites	HHDC	\$44	1,111	6	\$299,970
9075	Scattered Sites	H J Russell	\$34	469	6	\$95,676
9077	Family	H J Russell	\$34	1,507	6	\$307,428
9091	Senior	WCDC	\$44	3,237	5	\$712,140
9094	Scattered Sites	WCDC	\$45	1,437	6	\$387,990
TOTAL				18,661		\$4,305,324

Contract Compliance for Extension Period

Contract #	Property Group	Firm	MBE/WBE/DBE Participation	Section 3 Hiring	Section 3 Subcontracting
9090	Senior	Eastlake	20%	27	3%
9093	Family	Eastlake	20%	8	3%
11113	Mixed Income	Eastlake	20%	0	3%
9074	Senior	Habitat	20%	13	3%
9089	Senior	Habitat	20%	13	3%
9092	Family	Habitat	20%	15	3%
9095	Scattered Sites	HHDC	20%	10	3%
9075	Scattered Sites	H J Russell	20%	9	3%
9077	Family	H J Russell	20%	5	3%
9091	Senior	WCDC	20%	9	3%
9094	Scattered Sites	WCDC	20%	4	3%
TOTAL					

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The Chief Housing Officer concurs with the recommendation to extend the existing property management contracts at CHA developments.

The CEO/President recommends the approval to extend the existing professional service agreement with Eastlake Management Group, Inc., The Habitat Management Company, Hispanic Housing Development Corporation, H. J. Russell & Company, and Woodlawn Community Development Corporation for property management services at CHA, from February 1, 2015 to June 30, 2015 for CHA Senior properties, and from February 1, 2015 to July 31, 2015 for Family, Scattered Sites and Mixed Income properties, for an amount not to exceed \$4,305,324 in property management fees.

RESOLUTION NO. 2014-CHA-118

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated December 10, 2014 entitled "AUTHORIZATION TO EXTEND THE EXISTING PROPERTY MANAGEMENT CONTRACTS AT CHA DEVELOPMENTS";

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners authorizes the Chief Executive Officer ("CEO") or his designee to extend the existing professional service agreement with Eastlake Management Group, Inc., The Habitat Management Company, Hispanic Housing Development Corporation, H. J. Russell & Company, and Woodlawn Community Development Corporation for property management services at CHA, from February 1, 2015 to June 30, 2015 for CHA Senior properties, and from February 1, 2015 to July 31, 2015 for Family, Scattered Sites and Mixed Income properties, for an amount not to exceed \$4,305,324 in property management fees, subject to HUD approval.



Chicago Housing Authority
60 E. Van Buren
Chicago, IL 60605

312-742-8500

www.thecha.org